Budgeting, Accounting and Reporting System (BARS)

Supplementary Instructions
Mental Health Programs

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Part I: Overview

The Department of Social and Health Services (DSHS) publishes this supplement to aid local governments in accounting for programs in accordance with the Budgeting, Accounting, and Reporting System (BARS) promulgated by the Office of the State Auditor.

The purpose of this supplement is to define the revenue, expenditure, fund balance, and elements and sub-elements specific to the Regional Support Network (RSN) integrated contract and Federal Mental Health Block Grant expenditures. The BARS Manual published by the State Auditor is the official accounting system for local government, while this supplement applies the BARS Manual to contracted Mental Health programs.

The State Auditor determines BARS Basic Accounts, Sub-accounts, and Object Account codes. Basic Expenditure Account 564.00 is defined as Mental Health Services. The Mental Health Division in DSHS determines element/sub-element categories corresponding to the expenditure accounts for 564.00. Local government contractors must use the element/sub-element categories contained in this supplement when accounting for expenditures.

The fiscal policies set forth in this supplement are conditions for the receipt of funds and are mandatory. If BARS and DSHS policy do not coincide, the more restrictive policy prevails.

BARS is intended for use by local governments, not by private organizations. Adherence to BARS account codes is not required of private subcontractors by the State Auditor, nor by DSHS. Subcontractors of RSNs may be required to report data to RSNs using the BARS classifications.

Please refer to the BARS Manual published by the State Auditor for questions regarding BARS Account Code structure, resource account codes, expenditure and use of accounts, definitions and classification of expenditure objects.

Part II: Chart of Accounts

A. Revenue Chart of Accounts

The BARS manual is distributed by the State Auditor's Office. The manual includes instructions on the revenue codes to use for each type of revenue received. Please refer to the BARS manual for revenue chart of accounts information.

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C. Reserves and Fund Balances

The BARS manual is distributed by the State Auditor's Office. The manual includes instructions on the reserve and fund balance codes to be used by local governments. Please refer to the BARS manual for reserve and fund balance chart of accounts information.

Part III: Account Definitions

The BARS supplement is intended to assist the RSNs in reporting to the Mental Health Division the revenues that support the set of expenditures detailed on pages 7 through 10. The revenues that should be included are only those received directly from the Mental Health Division, funding the local county has provided, and other revenue sources received by the RSN that directly support mental health activities. **Note: Funds spent by providers outside of these revenue sources should not be reported to the Mental Health Division unless it is used as local match to draw down Federal funds (Title XIX).**

A. Revenue Accounts

Revenue information presented in this supplement refers to the type of revenues to be reported by RSNs to the Mental Health Division on a semi-annual basis. RSNs should report all revenue received to the Mental Health Division, using the categories listed below and by fund sources. Revenues received directly by providers should not be reported to the Mental Health Division unless it is to be used as local match to draw down the Federal funds. For instructions and account definitions for BARS, please refer to the BARS manual issued by the State Auditor's Office.

Revenue to be reported to the Mental Health Division includes:

Eligible Payment Method–Funds received from the integrated contract using eligible methodology of calculation. Eligible payments are funded by Medicaid (PIHP Capitation Federal and State Title XIX Funds), Additional Medicaid (Federal Portion), and State Only funds.

Historical Combined – Funds received pursuant to the integrated contract using historical methodology of calculation. Historical Combined payments are funded by Medicaid (PIHP Capitation Federal and State Title XIX Funds) and State Only funds.

E&T – Funds received from operation of Evaluation and Treatment Center.

Hospital – Funds withheld by MHD from the RSN payment for the estimate costs of inpatient services.

Federal Mental Health Block Grant – Federal funds received under the Mental Health Block Grant. These funds are provided through the Mental Health Division as an indirect grant from the federal government.

Expanded Community Services – State and Federal Funds received from Mental Health Division pursuant to the Expanded Community Services Contract. These funds are considered part of PHP Capitations.

Blended Funding – Funds received per the budget proviso for development and operation of a project demonstrating collaborative methods for providing

intensive mental health services in the school setting for severely emotionally disturbed children who are Medicaid eligible.

CLIP – Funds received from Children Long Term Inpatient Program contract.

Maintenance of Effort - a contractual requirement that the RSN shall not use state or federal funds to replace local funds from any source that were being used to finance mental health services prior to January 1, 1990. Similarly, the RSN is not allowed to replace local funds used to administer the Involuntary Treatment Program prior to January 1, 1974. The amount to be reported is only the local funds necessary to fulfill this requirement. Other local funds are to be reported in "Local Funds Eligible for Match." **Note: Maintenance of Effort can also be used as local match.**

Intergovernmental – Revenue received pursuant to a contract or agreement with another governmental entity, where the revenue is derived from the Regional Support Network performing Mental Health services. This account does not include funding from Mental Health Division integrated contract or federal block grant contracts.

Interest – Revenue received from interest earned on Mental Health funds retained in the County or RSN and invested. Interest can be recorded in a locally designated sub element.

Direct Federal Grants – Funds received directly from federal sources supporting Mental Health services.

Other Federal Grants – Federal funds received from the State other than block grant. This includes funds received for operation of the Children's Long Term Inpatient Program, Project for Assistance in Transition from Homeless (PATH), and other grants targeted to supporting mental health services.

Other Revenue – There may be a case where revenue is received from sources not listed above. RSNs must include a description of the nature and source of this revenue in reports submitted to the Mental Health Division.

B. Expenditure Accounts

Reportable expenditures should only include costs associated with the revenues reported above.

564.10 **Administrative Costs –** Costs for the general operation of the public mental health system. These activities cannot be identified with a specific direct or direct services support function.

564.11 RSN Administration – Costs of operating the RSN. Activities include planning, coordination, contracting, fiscal and contract monitoring, accounting, general clerical support, legal, facility and similar operating costs. Also includes allowable costs of

services provided by those activities normally identified with central county government that have been allocated to the RSN using an established methodology consistent with the approved cost allocation plan.

564.12 Provider Administration – Costs for general operation of direct service agencies in support of mental health service delivery. Includes the cost for agency administration, activities performed for program management purposes, accounting, record keeping, general clerical support, activities of the Board of Directors, and similar costs. Costs may be allocated in part to administration according to the cost allocation plan. Costs for administering county operated direct service agencies should be charged to this cost center.

564.13 Other Administrative Costs - Costs that do not fit any categories above. Explanations must be given in reports submitted to Mental Health Division. The RSNs cost of acquisition for capital assets should be reported as a one-time, other cost at the time of payment.

564.20 Direct Service Costs (Exclude Outpatient Service Costs) – Costs paid by the RSNs for services and related activities provided to or for RSN service recipients that address mental health or psychiatric needs, and where appropriate, activities that assist the service recipient with social supports, friends and recreation, daily living, personal safety, cultural needs, housing, finances, education, employment, legal assistance or referral, physical health, case management, or alcohol and/or other drug problems.

564.22 Residential – Costs for placement at residential facilities and any non-facility residential support costs consistent with WAC 388-865-0235. It should **not** include the treatment costs reported in the Outpatient Services. Examples of costs that should be reported here are room & board costs paid by RSNs, treatment costs at IMD facilities. These costs emphasize least restrictive, stable, appropriate care consistent with WAC 388-865-0235.

564.24 Inpatient Treatment – Costs for a direct treatment modality in which the client is under the auspices of a hospital or E&T facility (excluding the freestanding E&T), 24 hours a day for evaluation, diagnostic, and therapeutic purposes. Inpatient services are provided in a psychiatric hospital or a psychiatric ward of a general hospital or evaluation and treatment facility. The treatment must include overnight care, but the client may spend time outside the hospital as part of the therapeutic process. (Because the Mental Health Division is the RSN's fiscal agent for the projected payment of hospital inpatient

claims, this sub-element will show only evaluation and treatment facility costs at the RSN level. The Mental Health Division will adjust RSN expenditures in published reports to show the applicable inpatient costs).

564.25 ITA Commitment Services – Costs related to involuntary commitments (WAC 388-865-0452 through 0454, 71.05 RCW and 71.35 RCW) including CDMHP costs.

564.26 ITA Judicial – Judicial costs related to involuntary commitments including required expert witness costs. (WAC 388-865-245.)

564.27 Other Direct Costs – Costs that do not fit any categories above. Explanations must be given in reports submitted to Mental Health Division.

564.28 Medicaid Personal Care – Funds provided to the Aging and Disability Services Administration for general fund cost of Medicaid Personal Care used by the RSNs for consumers who are disabled (as per the Comprehensive Assessment) due solely to psychiatric disability when the payment was authorized by the RSNs.

564.30 Direct Services Support Costs – Program costs incurred in the process of providing services and activities for clients. Direct services support costs do not include costs for services directly provided to clients.

564.31 Utilization Management and Quality Assurance – Costs for activities designed to ensure that adequate quality care is provided to eligible clients. Activities include development of placement criteria, conducting utilization management activities, an independent quality review team function, and other quality assurance functions.

564.32 Information Services – Costs incurred for the maintenance of a patient tracking system for service recipients, per RCW 71.24.035, and all other information services development and reporting functions. Includes Information Services (Technical) staff, computer equipment, data lines, and other costs associated with an information services system.

564.33 Public Education – Costs for consultation, education and public information activities related to primary populations or agency services. Examples include individual case planning and consultation for clients of other human service organizations; enhancing understanding of chronic mental

illness and serious mental disturbances through the media, providing workshops and other training to develop skills of ancillary providers in dealing with mental disorders and populations, and disseminating information and material about mental health services.

564.34 Other Direct Services Support Costs – Costs that do not fit any categories above. Explanations must be given in reports submitted to Mental Health Division.

564.35 Crisis Telephone (Dedicated Hotline) - Costs associated with telephone services provided by trained personnel supervised by mental health professionals which includes triage, referral, and telephone based support to individuals experiencing a mental health crisis.

564.36 Transportation – Costs associated with providing transportation to clients to and from covered medical services.

564.37 Interpreter Services – Costs associated with providing interpreter services to a client who is deaf, deaf-blind, hard of hearing, or limited English proficient during a necessary mental health service performed by a RSN provider.

564.38 Ombudsman – Costs to provide an independent ombuds service consistent with WAC 388-865-0250.

564.40 Outpatient Services – Costs for services to eligible clients provided on an outpatient basis consistent with WAC 388-865-0230, WAC 388-865-0400 through 0445, and WAC 388-865-0456 through 0462. Activities include assessment, diagnosis, treatment, prescreening and other services.

564.41 Crisis Services – Costs associated with providing evaluation and treatment of mental health crisis to individuals experiencing a crisis. A mental health crisis is defined as a turning point in the course of anything decisive or critical, a time, a stage, or an event or a time of great danger or trouble, whose outcome decides whether possible bad consequences will follow. Crisis services shall be available on a 24-hour basis. Crisis Services are intended to stabilize the person in crisis, prevent further deterioration and provide immediate treatment and intervention in a location best suited to meet the needs of the individual and in the least restrictive environment available. Crisis services may be provided prior to completion of an intake evaluation. Services are provided by or under the supervision of a mental health professional.

564.42 Freestanding Evaluation and Treatment Services – Costs associate with treatments provided in freestanding inpatient residential (non-hospital/non-IMD) facilities licensed by the Department of Health

and certified by the Mental Health Division to provide medically necessary evaluation and treatment to the individual who would otherwise meet hospital admission criteria. These are not-for-profit organizations. At a minimum, services include evaluation, stabilization and treatment provided by or under the direction of licensed psychiatrists, nurses and other mental health professionals, and discharge planning involving the individual, family, significant others so as to ensure continuity of mental health care. Nursing care includes but is not limited to, performing routine blood draws, monitoring vital signs, providing injections, administering medications, observing behaviors and presentation of symptoms of mental illness. Treatment modalities may include individual and family therapy, milieu therapy, psycho-educational groups and pharmacology. The individual is discharged as soon as a less-restrictive plan for treatment can be safely implemented. This service is provided for individuals who pose an actual or imminent danger to self, others, or property due to a mental illness, or who have experienced a marked decline in their ability to care for self due to the onset or exacerbation of a psychiatric disorder. The severity of symptoms, intensity of treatment needs or lack of necessary supports for the individual does not allow them to be managed at a lesser level of care. **This service does not include cost for room and board.**

564.43 Mental Health Services provided in Residential Settings – Costs of a specialized form of rehabilitation service (non-hospital/non IMD) that offers a sub-acute psychiatric management environment. Individuals receiving this service present with severe impairment in psychosocial functioning or has apparent mental illness symptoms with an unclear etiology due to their mental illness and treatment cannot be safely provided in a less restrictive environment and do not meet hospital admission criteria. Individuals in this service require a different level of service than High Intensity Treatment. The Mental Health Care Provider is sited at the residential location (e.g., boarding homes, supported housing, cluster housing, SRO apartments) for extended hours to provide direct mental health care to an individual. Therapeutic interventions both in individual and group format may include medication management and monitoring, stabilization, and cognitive and behavioral interventions designed with the intent to stabilize the individual and return him/her to more independent and less restrictive treatment. The treatment is not for the purpose of providing custodial care or respite for the family, nor is it for the sole purpose of increasing social activity or used as a substitute for other community-based resources. This service is billable on a daily rate. In order to bill the daily rate for associated costs for these services, a minimum of 8 hours of service must be provided. **The costs reported should not include the costs for room and board, custodial care, and medical services**.

564.44 Other State Plan Outpatient Treatment - Costs associated with providing the following treatment modalities: Brief Intervention Treatment, Day Support, Family Treatment, Group Treatment, High Intensity Treatment, Individual Treatment, Intake

Evaluation, Medication Management, Medication Monitoring, Peer Support, Psychological Assessment, Rehabilitation Case Management, Special Population Evaluation, Stabilization Services, Therapeutic Psychoeducation. For definitions of these treatment modalities, please consult the approved state plan.

564.45 B(3) Waiver Services - Costs associated with providing, Supported Employment, Respite Care, and Clubhouse. For definitions of these services, please consult the approved waiver.

564.46 Other Outpatient Treatment - Costs associated with Outpatient services not fit into above categories.

C. Reserves and Fund Balances **Held at the RSN**

Reserve and Fund Balance information presented in this supplement refers to the type of fund balances to be reported by RSNs to the Mental Health Division on a semi-annual basis. RSNs should report their current fund balances at the final date of the reporting period to the Mental Health Division, using the categories listed below. For instructions and account definitions for BARS, please refer to the BARS manual issued by the State Auditor's Office. Reserve and fund balance amounts reported are those held at the RSN, not those held by providers. **Note: These are the balances in the account as of the last date of the reporting period, not just the change from one period to the next.**

Reserves and Fund Balances to be reported to the Mental Health Division include:

Operating Reserve – Funds designated from mental health revenue sources that are set aside into an operating reserve account by official action of the RSN governing body. Operating reserve funds may only be set aside to maintain adequate cash flow for the provision of mental health services.

Risk Reserve – Funds mandated to be designated from mental health premium payments (capitation payment) revenue sources that are set aside into a risk reserve account by official action of the RSN governing body. Risk reserve funds may only be set aside for use in the event costs of providing Medicaid services exceed the revenue the RSN receives.

Capital Reserve – Funds designated from mental health revenue sources that are set aside into a capital reserve account by official action of the RSN governing body. Capital reserve funds may only be set aside for the construction, purchase or remodel of a building or major asset.
Community Reinvestment Fund – Funds established to satisfy CMS conditions of the approved 1915(b) waiver.

Reserve for Encumbrances - Funds designated from mental health revenue resources that are legally restricted for specific purposes either through official action of the RSN governing body or legal commitments. Examples are executory (unperformed) contracts, outstanding purchase orders, and fund set aside pending litigation outcome.

Unobligated Mental Health Fund Balance – Funds designated from mental health revenue sources that have not been spent in the fiscal period they were received. These funds have not been set aside into a specific reserve account by official action of the RSN governing body, but they may be identified by the RSN for a specific use.